dependency and indemnity compensation for survivors of such veterans, and of other veterans benefits are made regardless of Government financial shortfalls; to the Committee on Veterans Affairs.

By Mr. D'AMATO:

S. 1415. A bill entitled ''Thrift Charter Conversion Act of 1995''; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HATFIELD (for himself and Mr. MACK):

S. 1416. A bill to establish limitation with respect to the disclosure and use of genetic information, and for other purposes; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BREAUX:

S. 1412. A bill to designate a portion of the Red River in Louisiana as the ''J. Bennett Johnston Waterway,'' and for other purposes; to the Committee on Energy and Natural Resources.

THE J. BENNETT JOHNSTON WATERWAY DESIGNATION ACT OF 1995

Mr. BREAUX. Mr. President, I rise today, with respect and admiration for my colleague from Louisiana, the Honorable J. BENNETT JOHNSTON, in order to introduce legislation which will designate part of the Red River the ''J. Bennett Johnston Waterway.''

Senator JOHNSTON's diligence in serving the people of Louisiana for close to 30 years more than justifies this legislation and should be a reminder to those of us who have had the honor to serve in the Senate with him and to all who will serve here in the future what the word ''service'' truly means.

The work that Senator JOHNSTON has done to rebuild and rejuvenate the Red River and the communities that depend on it exemplifies the strength of his leadership and his commitment to the economic development of Louisiana.

For years, the many bends and excessive sedimentation in the Red River made it unnavigable to the barges and ships necessary for transporting local goods. The economy of the region that depended on the Red River became depressed.

Senator JOHNSTON has worked successfully for the last 22 years helping local communities and organizations obtain the funding necessary to create a modern waterway. As a result of this success, old and new businesses are moving back into the area, job opportunities are sprouting up again, and the hope that accompanied a new economic direction is taking root in the region.

In fact, the Army Corps of Engineers estimates that $107 million in benefits will be generated annually and approximately 56,000 new jobs will be created in 40 years. Other benefits include cleaner water, improved and increased recreational use, the possibility of hydroelectric power in the future, and potential for greater agricultural utilization of the river.

Local organizations and residents recognize the positive growth resulting from this project as well as the substantial role Senator JOHNSTON played in making this growth a reality. In fact, it was local citizens who requested this naming legislation.

The many people who have worked with Senator JOHNSTON over the years know he was the key to this project's success and want to honor him for all that he has done to make the waterway a reality.

Each time we navigate the river, each time we use it to recreate and each time we realize economic benefits from the river, we will forever be mindful of the man whose unyielding leadership and dedication made it all possible, my colleague, my friend, and my senior Senator, the Honorable J. BENNETT JOHNSTON.

By Mr. HELMS (for himself and Mr. FAIRCLOTH):

S. 1413. A bill to amend the Federal Water Pollution Control Act to require that an application to the Federal Energy Regulatory Commission for a license, license amendment, or permit for an activity that will result in a withdrawal by a State or political subdivision of a State of water from a lake that is situated in two States shall not be granted unless the Governor of the State in which more than 50 percent of the lake, reservoir, or other body of water is situated certifies that the withdrawal will not have an adverse effect on the environment in or economy of that State, and for other purposes; and the Committee on Environment and Public Works.

THE LAKE GASTON PROTECTION ACT OF 1995

Mr. HELMS. Mr. President, today Senator FAIRCLOTH and I are introducing the Lake Gaston Protection Act of 1995. The States of North Carolina and Virginia have been locked in a dispute for a decade as to whether the city of Virginia Beach should be able to withdraw water from Lake Gaston, which straddles both States.

Our bill stops the withdrawal of water from the lake until Federal officials listen to the concerns of countless thousands of citizens of both North Carolina and Virginia.

The Federal Energy Regulatory Commission [FERC] approved a permit allowing the daily withdrawal of 60 million gallons from Lake Gaston—but the FERC officials did not look closely enough at the potential negative environmental effects of withdrawing 60 million gallons a day from the lake. In short, they failed to consider either the environmental problems or the adverse impact on striped bass and other fish species. A sharply reduced quantity of water flowing through the lower Roanoke River basin may very well be harmful to the estuaries of the Albemarle Sound in the spawning of many fish species.

And, Mr. President besides the environmental impact, the withdrawal could very well pose dire consequences to the commercial and recreational fishing industry that depends so heavily on an adequate exchange of fresh water and salt water in the estuary.

The Federal Energy Regulatory Commission should have obtained certification from the State of North Carolina that there would be no degradation of water quality or the environment. Instead, FERC ran roughshod over the concerns of North Carolina.

Mr. President, Senator FAIRCLOTH's and my bill would require FERC to obtain certification from North Carolina that this project will have no, and I emphasize, no adverse impact on the environment or the local economy.

Mr. President, for the record, I believe a brief history of this dispute may be helpful.

Virginia Electric Power Co., on behalf of Virginia Beach, applied to the FERC for permission to construct a water intake on Pea Hill Cove of Lake Gaston and a 76-mile pipeline to withdraw up to 60 million gallons per day.

Both the City of Virginia Beach and the State of North Carolina have marched back and forth in the Federal courts over this issue. North Carolina raised many concerns of water quality and the adverse effects on the downstream ecosystems. North Carolina officials assert that FERC did a far too hasty job on its environmental analysis. FERC allowed only 2 months for the review of the reams of environmental data.

Furthermore North Carolina asserts that FERC staff failed to conduct studies requested by several Federal agencies, including the EPA, U.S. Fish and Wildlife Service, National Marine Fisheries, and independent biologists.

After much litigation, a Federal mediator was appointed by the Federal courts within the past 18 months, to look into the possibility of bringing the State of North Carolina and the city of Virginia Beach to an agreement on the issue.

A final settlement agreement was reached on June 26, and was supported by both Virginia Senators. I have a copy of a letter signed by both Senators to the Governors of North Carolina and Virginia in support of the agreement. I ask unanimous consent that the text of this letter be placed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HELMS. Mr. President, the settlement was subject to ratification of an Interstate compact by both State legislatures and approval by the Congress. According to the officials in North Carolina, this agreement protects the interests of the three North Carolina counties that surround the lake. As of now, neither State has ratified the compact.

The communities that surround the lake in Northampton, Warren, and Halifax Counties in North Carolina are greatly dependent on it to support their economies. According to a November 2, 1993, article in the Lake Gaston Gazette, property owners around the lake paid over $253 million in 1993 real estate and personal property

taxes. Also it is estimated that there has been $125 million in new home construction each year.

Mr. President, North Carolina and Virginia have a history of cooperation on matters affecting both States. For example the joint North Carolina and Virginia efforts to stem Lake Gaston's having been infested by hydrilla, an aquatic weed similar to kudzu. These five counties and both State governments have worked together to bring this nuisance weed under control.

If Virginia and the city of Virginia Beach object to this legislation, there is a way out; this proposed law will not apply if and when the June 26 settlement is resurrected and there is an interstate compact. So each State can urge its Governor and legislature to ratify the agreement and the compact. This will give everyone a chance to take a second look at North Carolina's environmental concerns.

This legislation is narrowly drawn to apply only to this particular situation and would not adversely affect our western friends.

We realize how sensitive our western friends are on the issue of water rights. Senator FAIRCLOTH's and my staffs have consulted with numerous experts in western U.S. water rights and have been assured that this legislation exempts western water projects.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1413

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Lake Gaston Protection Act of 1995''.

SEC. 2. WITHDRAWALS OF WATER FROM LAKES SITUATED IN 2 STATES.

(a) IN GENERAL.—Section 401(a)(2) of the Federal Water Pollution Control Act (33 U.S.C. 1341(a)(2)) is amended—

(1) by striking ''(2) Upon receipt'' and inserting the following:

''(2) ACTION BY THE ADMINISTRATOR.—

''(A) IN GENERAL.—On Receipt''; and

(2) by adding at the end the following:

''(B) LAKES SITUATED IN 2 STATES.—

''(i) CERTIFICATION OF NO ADVERSE EFFECT.—Except as provided in clause (ii), in the case of an application to the Federal Energy Regulatory Commission for a license, license amendment, or permit for an activity that will result directly or indirectly in the withdrawal by a State or political subdivision of a State of water from a lake, reservoir, or similar body of water that is situated in 2 (and not more than 2) States, the Commission shall not grant the license, license amendment, or permit unless the Governor of the State in which more than 50 percent of the lake, reservoir, or other body of water is situated certifies that the withdrawal will not adversely affect the environment in or the economy of that State.

''(ii) EXCEPTION.—Clause (i) does not apply to an application for a license, license amendment, or permit for an activity that will occur with or affect waters located within a river basin that is subject to an interstate compact, decree of the Supreme Court, or Act of Congress that specifically allocates the rights to use the water that is the subject of the application.''.

''(b) RETROACTIVE EFFECT.—The amendment made by subsection (a) shall apply to any application made on or after January 1, 1991, unless the application has been granted and is no longer subject to judicial review.

EXHIBIT 1

U.S. SENATE,
Washington, DC, July 5, 1995.

Hon. GEORGE F. ALLEN,
Governor, Commonwealth of Virginia, State Capitol, Richmond, VA.

Hon. JAMES B. HUNT, JR.,
Governor, State of North Carolina, State Capitol, Raleigh, NC.

DEAR GOVERNORS: The City of Virginia Beach has advised us that it hopes to finalize a settlement with the State of North Carolina regarding the Lake Gaston pipeline project within the next few days.

It is our understanding that one feature of the settlement contemplates that you will seek to have introduced and passed in your respective General Assemblies an Interstate Compact that will place limits on out of basin transfers of water from the Roanoke River Basin in Virginia and North Carolina.

We wish to assure you that we believe a settlement of the issues will facilitate the construction of the Lake Gaston project which we fully support. We also pledge our support to the proposed Interstate Compact should it be passed by the General Assemblies of Virginia and North Carolina and if the settlement becomes effective and is not terminated by the parties after action by the Federal Energy Regulatory Commission (FERC) on VEPCO's application.

Following enactment by both state legislatures, it is our intention to promptly introduce the Compact in the United States Senate and take every appropriate action to obtain the expeditious consent of the Congress to the Compact.

With kind regards,

Sincerely,

CHARLES ROBB.
JOHN WARNER.

Mr. FAIRCLOTH. Mr. President, I am pleased to join with Senator HELMS today in introducing a bill to help resolve a long-standing dispute between Virginia and North Carolina over Lake Gaston, a lake spanning the border between our two States. The dispute concerns Virginia's plans to construct a water pipeline from Lake Gaston to Virginia Beach for that city's municipal use—60 million gallons a day.

I am disappointed that this disagreement has come to the point where we must introduce legislation. Last spring the two States came very close to resolving the issue and actually had a settlement ready, signed, and waiting for ratification by the States and the Congress. Unfortunately, logistical problems prevented the settlement from being closed by the Virginia State legislature before their adjournment. Soon after they adjourned, however, the Federal Energy Regulatory Commission approved a permit allowing for the project to proceed. Of course, with approval in hand, Virginia was refused to return to the negotiating table. They simply have a permit. As it now stands, the citizens of North Carolina and the residents of Lake Gaston have lost the water without any agreement whatsoever between the States on how much water can be withdrawn from the lake, and other critical factors.

Mr. President, it is wrong for the Federal Government to allow this pipeline to take millions of gallons of water from Lake Gaston and North Carolina without North Carolina's approval and agreement. It is only fair that a project with this kind of impact should proceed only after an agreement has been reached between the two States—especially when an agreement is very nearly at hand—until the Federal Government went ahead and issued the permit.

Reasonable restrictions should be in place and agreed to by both States, such as the amount of water that can be withdrawn each day. The impact of withdrawing millions of gallons of water from the Roanoke River Basin is, frankly, unknown and in dispute.

I am particularly concerned about the impact the new pipeline will have on the economy of North Carolina. Many industries and towns depend on water from the Roanoke River. The property owners around the lake paid nearly $250 million in property taxes this year alone. What happens, Mr. President, when all this water is diverted to Virginia Beach? Even if the effect right now may not be severe, it could hamper growth in the future. You simply will lower the lake level to a degree where it will be unattractive. No one can tell with any certainty what the effect will be on the local economy, but predictions from homeowners and others are that they will be severe.

The environmental effects are equally unknown. Every day people are turned down for wetland permits by the Federal Government because of relatively minor environmental impacts. But here, with lake Gaston, where we are talking about an enormous and unprecedented impact on water flow and quality—and the agencies let the permit sail on through. The environmental impact study—which sometimes drag on for years—took only 3 months to sail it through.

Mr. President, the bottom line is there are simply too many questions to allow this project to proceed over the objections of North Carolina. Too much is on the line here. An agreement is just around the corner if we give it a chance and give it time.

Senator HELMS and I are representing North Carolina as a whole, the State legislature, the State house, the State Senate, and the Governor. In North Carolina we are totally unified as to what should be done—and that is not build a pipeline until an agreement is reached. An agreement is at hand, and around the corner. With some help here today it can be reached.

We look forward to working with the Senators from Virginia to conclude it, and to bring it to a proper conclusion.

By Mrs. HUTCHISON (for herself, Mr. SIMPSON, Mr. HELMS, Mr. MCCONNELL, and Mr. GRAMM):

S. 1414. A bill to ensure that payments during fiscal year 1996 of compensation for veterans with service-connected disabilities, of dependency, and indemnity compensation for survivors of such veterans, and of other veterans benefits are made regardless of Government financial shortfalls: to the Committee on Veterans' Affairs.

VETERANS' LEGISLATION

Mrs. HUTCHISON. Madam President, Senator SIMPSON and I are introducing legislation today to make sure the veterans of this country do not worry about their pension payments being made, in case the Government continues to be shut down, by November 21 or November 22. Madam President, of course we hope this will not happen. We hope the President will agree to a balanced budget, and that we can do our responsibility to the people of this country and pass the first year of the 7-year march to a balanced budget.

But the administration has chosen to tell veterans that they will not be paid; that they are not a priority payment. We are introducing this legislation to force the administration to pay veterans benefits, just as the administration would pay any other mandatory benefits that people have earned. Our veterans have earned their benefits. It is a mandatory payment. This legislation should not be necessary but for the position the administration has taken.

I am pleased to introduce this bill with Senator SIMPSON and I yield the time I have left to Senator SIMPSON to talk about the importance of making sure that veterans are not going to have to worry, that their pension checks will be in the mail December 1.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Madam President, I am proud to be a cosponsor of this measure. I think Senator HUTCHISON has well described what we are trying to do. It seems extraordinary to me we would even be in this position. The President could have had every opportunity to extricate himself from the position. I think the reason it has come to pass is a very simple one, and that is the Secretary of Veterans Affairs, a Cabinet post, Secretary Jesse Brown, is acting and continues to act in an exceedingly and purely partisan mode.

On November 3, I rose in this Chamber to speak to an issue of particular concern to me. At that time I spoke of what I feel to be the wholly inappropriate use by the Secretary of Veterans Affairs of Government computers and the VA employee pay stubs to convey a blatantly partisan political message to his 240,000 employees.

The consistent message Secretary Brown has been conveying has been one of doom and destruction. Were one to listen to the Secretary, one would believe that the whole system of veterans' benefits was in grave jeopardy—a system put in place by a grateful Nation for those who fought and sacrificed that she may remain free. Indeed, in his morning message to employees that greeted them when they booted up their computers on the morning of November 9, he said no less.

That is just plain wrong. For it is simply not true. The budget proposed by this Congress—these evil Republicans—provides for a growth, that is, increase, of nearly $4 billion over the 7-year time period during which we seek a budget balance. That hardly smacks of the elimination of veterans' benefits as we know them. And during this time in which the budget for veterans will rise more than 10 percent, the number of veterans will be steadily falling from the 26.1 million currently living to approximately 23 million. Resources continue to increase. The number of beneficiaries continues to decline. How anyone can refer to that as the same draconian cut Secretary Brown keeps mentioning truly amazes and eludes me.

I want to say I have served as chairman of the Veterans' Affairs Committee and have been a member of it for some 17 years, since 1979. Since that time I have seen many good, able men at the helm of the Veterans Administration, now the Department of Veterans Affairs.

When I arrived, Max Cleland, that very spirited, brave young man, who had lost three of his limbs in combat in Vietnam, was the Administrator under a Democrat President. Following him, under the Reagan administration, Bob Nimmo, a committed decorated bomber pilot of World War II, served in that position. Then West Pointer and ''Lonesome End,'' Harry Walters was in that position. Then steady and reliable Gen. Tom Turnage. With the elevation of the VA to Cabinet status my old friend the affable and effective Ed Derwinski took the helm, and following Ed, the exceedingly bright and conscientious former staff director, Tony Principi.

Never, during all of those years, and they include both Democratic and Republican Administrators, have I ever seen the role of Administrator of Veterans Affairs or Secretary be used—and being used is the word I want to use here—for such blatant partisan political purposes, and being used in a way I would consider to be wholly embarrassing and demeaning.

In my remarks on November 3, I stated that the budget approved by the Congress was substantially more advantageous to veterans than the President's own. In an interview with Ruth Larson of the Washington Times published on November 8, Secretary Brown himself acknowledged as much saying: ''He's (meaning me) absolutely right.'' Then he goes on, with an apparently straight face: ''No problem. The President said I can come back and ask for more next year.''

I ask unanimous consent to have a copy of that article printed in the RECORD, if I may.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SIMPSON. Madam President, that is the way the budget process works. Each year, every single agency head submits his or her own budget request for that particular year.

The budget process starts in the fall of the year. The agencies submit their budget requests to the Office of Management and Budget. After some considerable back and forth, the budget of the administration comes to us. When the Secretary says that he'll have a chance to ask for more next year—or that the President promises to treat this veteran constituency fairly in the future, I am tempted to say: ''So what. No big deal.'' Those are the very same rules by which every agency operates. And indeed, I would imagine that the President has committed to each of his Cabinet officers the very same thing saying: ''Present your best budget to me, and I'll package that for presentation to the Hill.'' One notes in this form of articulation that there are no promises made.

And really there can't be. The budget environment in which we are operating, to balance the budget as I personally would hope we do by the year 2002, or the budget proposed by the administration which would, under assumptions that are at the very best questionable, balance the budget over a 10-year period. Either way, there are limits on spending programs, and those limits will, of necessity, affect every single agency of this Government.

Indeed, Secretary Brown's criticism of the Congress assumes a straight line freeze of the VA medical care budget. While, in fact, both the Senate and House have approved significant increases.

Secretary Brown tells us the President will think about an increase next year. Well, I remind him again. The Congress has delivered one this year.

The true fact is, no country on this earth has been more generous with its veterans than has ours. The very fact that the budget of the VA goes up some $4 billion over the next 7 years, while the population of veterans will decline by 3 million, seems to be a pretty powerful indication of our continuing commitment to veterans. In this climate, other agencies are suffering actual cuts. Many of those agencies have worthy constituencies as well. But the budget of the Department of Veterans Affairs is not being cut. It continues to grow, and indeed grow at a generous rate as it has each and every year since my arrival here in the Senate in l979. It was $20 billion then. It is almost $40 billion now. Not a cut in a carload.

Madam President, would that the Secretary could simply acknowledge that basic fact and then work with us to assure that the funds appropriated for the worthy purposes pursued by his Department were best utilized. Unfortunately, he has taken the President's tack on this. He is churning out the political message of the day as it is set forth by the White House in anticipation of the tough 1996 election year. And he is doing it in various ways that I consider to be wholly inappropriate.

It has recently come to my attention that part of this political caper is done through the use of dedicated career civil service employees of the Department who are directed by the Secretary's political underlings and henchmen to craft his message. Does one really believe that those messages flickering on the VA computer screen every morning are the work of the Secretary himself? I do not think so. They are cranked in his Office of Public Affairs, as are the drafts of the myriad political stump speeches he and his underlings deliver around the country. I'm learning fast on that too—by having my fellow veteran friends out there listening to those speeches. Those are often outrageous.

One VA employee has raised a concern with me regarding the fact that he has been asked to further the White House political message line—although it has nothing whatsoever to do with veterans. Instructions to just send the political appointees out in the land—at Government expense—with a canned speech in tow that could have been written by the White House itself. And do always attack the Republican Congress and any budget it proposes. Do whatever you will—as long as it is consistent with the White House media message of the week.

I too am a taxpayer, and I am offended. Indeed, this Nation's veterans are taxpayers as well, and they should be similarly offended that their tax dollars are being used in this way.

I have nothing whatsoever against a Secretary extolling the splendid virtues of America's veterans, exhorting his fine professional staff to ever higher levels of service to those who fought for this country, or generally informing both segments of society of information they need to effectively participate in this political process. What grievously appalls me is the blatant partisanship here exhibited. Doesn't seem to bother Jesse though.

Mr. President, Secretary Brown has referred to my criticism of him and of his message as outrageous.

Jim Holley, his media spin-master spokesman, has called it ironic as it would appear to be a criticism of the Secretary based on his advocacy for veterans. Mr. Holley, surely misses the entire point. There is a difference between advocating for our veterans, and pouring out rank political partisanship. What we see here is the latter.

Mr. President, I have no intention of holding back in my criticism of the Secretary on this matter. As I have said before, I believe what he is doing is plain wrong. I do not condone that, nor should veterans.

It is unacceptable for political agencies to lobby. We have statutes that prohibit that. It is equally inappropriate for an agency such as this to encourage its employees and its constituency, albeit by implication, to do that which they cannot legally do directly. And I shall keep expressing that message loud and clear.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SIMPSON. Madam President, I will continue to observe this process very clearly and express my objections at every possible occasion.

EXHIBIT 1

[From the Washington Times, Nov. 8, 1995]

VA CHIEF TERMS ''OUTRAGEOUS'' GOP ''CHEAP POLITICS'' CHARGE

(By Ruth Larson)

Veterans Affairs Secretary Jesse Brown said he will continue telling his employees about the effect of congressional budget proposals, despite congressional Republicans' objections that he was engaging in ''cheap politics.''

''It's outrageous to suggest that the VA shouldn't tell its 240,000 employees that as many as 61,000 jobs are at risk, or that 41 veterans hospitals may close,'' Mr. Brown said in a telephone interview yesterday.

Sen. Alan K. Simpson, Wyoming Republican and chairman of the Senate Veterans' Affairs Committee, on Friday blasted Mr. Brown's use of VA computers and employee pay stubs to criticize congressional budget proposals and warn of massive layoffs at the department. He accused Mr. Brown of using government resources to send out partisan misinformation.

Mr. Brown countered: ''I hope someone tells me that it's not going to happen—that they're not going to lock in our funding at 1995 levels for the next seven years. If somebody would tell me that, I'd apologize—sure, I would,'' Mr. Brown said.

Asked about Mr. Simpson's assertions that veterans would suffer more under the Clinton administration's proposed budget than under congressional plans, Mr. Brown said, ''He's absolutely right.''

But he was quick to explain that statement. He said that during the budget process, he'd gone to Mr. Clinton three times to tell him that the administration's government-wide cutbacks ''would have the same effect as what the Republicans are proposing.''

Mr. Clinton assured him that he would be able to negotiate the budget every year. ''I'll be sure the veterans are treated fairly,'' he quoted Mr. Clinton as saying.

''We aren't getting the same commitment from Congress. There is no flexibility,'' Mr. Brown said.

Rep. Bob Stump, Arizona Republican and chairman of the House Veterans' Affairs Committee, criticized Mr. Brown for ''intentionally misrepresenting and needlessly scaring vulnerable veterans'' about Republican budget proposals.

He said in a statement: ''The real hypocrisy lies with the Clinton 10-year budget plan which takes nearly three times as much from veterans' programs without balancing the budget.''

The Washington Times reported yesterday that some VA field employees had complained that Mr. Brown's messages represented ''political propaganda.''

Mr. Brown said he had sent out hundreds of daily messages on a variety of subjects to his 240,000 employees. ''Out of those hundreds of messages, [Mr. Simpson] chose three.''

Mr. Brown said he routinely runs the messages by his general counsel ''to make sure they don't violate any laws or ethics requirements, and they've all passed,'' he said. ''We wouldn't do it if it weren't legal.''

Administration officials often defend the legality of their actions by saying they stop short of urging employees to contact members of Congress. For example, in one of his messages, Mr. Brown cautioned, ''I am not calling on you to act.''

''No, not much,'' Mr. Simpson chided him on Friday. ''It does not take a rocket scientist to figure out that many employees might take that as a pretty good hint to take some action.''

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Madam President, I understand the Senator from Texas simply wants to add some cosponsors to her bill.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. I ask unanimous consent to add Senators HELMS and MCCONNELL as original cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. D'AMATO:

S. 1415. A bill entitled ''Thrift Charter Conversion Act of 1995''; to the Committee on Banking, Housing, and Urban Affairs.

THE THRIFT CHARTER CONVERSION ACT

● Mr. D'AMATO. Mr. President, I am introducing today the Thrift Charter Conversion Act. I am introducing the bill exactly as it was reported out by the Subcommittee on Financial Services and Consumer Credit of the House Committee on Banking and Financial Services. I am doing this in the spirit of cooperation exhibited during the House and Senate collaboration during the reconciliation process, particularly in recapitalizing the Savings Association Insurance Fund—an action which will increase public confidence in our Federal deposit insurance system and avoid any further costs to the taxpayers.

This bill would eliminate the specialized Federal thrift charter, merge the Federal thrift industry into the banking industry, and consolidate the federal thrift and bank regulatory agencies. It would create a safer and sounder and more rational framework for depository institutions. While I do not endorse all of the provisions of the House bill, I am committed to its basic goal of merging the thrift and bank charters. The Senate Banking Committee will commence its consideration of this bill immediately, and I am committed to completing this legislative task as quickly as possible consistent with the other obligations of the Banking Committee.

Mr. President, I am committed to the goal of minimizing—and eliminating to the extent possible—the risks to the taxpayer that will inevitably result from the continued existence of the thrift industry. Earlier this year, I took the first step toward this goal by introducing legislation to merge the separate federal deposit insurance funds for banks and thrifts. The introduction of the Thrift Charter Conversion Act is an important final step toward that goal.

I want to commend my colleagues in the House for their leadership on this essential next step of merging the thrift and bank charters. The House

and Senate Banking Committees considered including charter merger provisions in the budget reconciliation legislation, but Senate procedural rules prohibited us from including such provisions. The House reconciliation bill contained the text of the measure that I am introducing today. I want to commend Representative MARGE ROUKEMA, chairman of the Subcommittee on Financial Institutions and Consumer Credit, and full committee Chairman LEACH for their work on this bill.

Mr. President, our Nation's thrift industry has helped Americans finance their homes for over 160 years—with remarkable success. As we have witnessed during the past two decades, however, it has also experienced serious financial difficulties. These difficulties eventually led to the industry's collapse during the 1980's—a collapse that has cost the American taxpayers more than $150 billion.

Despite the massive bailout and the numerous laws enacted to stabilize the thrift industry, serious problems continue to plague our Nation's thrift industry. Congress cannot ignore these problems. Congress must act now before our Nation's taxpayers are asked to pay for another bailout of the thrift industry.

I am pleased that under the leadership of the House and Senate Banking Committees, Congress is already taking action to protect the American taxpayer and to avoid another thrift industry crisis. Last week, the House and Senate Banking Committees agreed to a proposal to recapitalize the ailing Federal deposit insurance fund for thrifts—called the Savings Association Insurance Fund [SAIF]. The SAIF is now so undercapitalized that the failure of one large thrift could bankrupt it. The proposal agreed to last week will recapitalize the fund-using industry—not taxpayer—money. Because the proposal saves the American taxpayers some $900 million, it has been included in Congress' budget reconciliation package—a package designed to eliminate the budget deficit in 7 years.

Mr. President, despite the recapitalization of SAIF, the thrift industry continues to pose serious and chronic safety and soundness risks to our Nation's Federal deposit insurance system. In an October 31, 1995 letter to me, Ricki Helfer, Chairman of the FDIC, explained why thrifts pose a greater safety and soundness risk of the Federal deposit insurance system than do banks, even with a recapitalized insurance fund:

> Relative to the Bank Insurance Fund [BIF], the SAIF faces risks related to the size of its membership, geographic and product concentrations, and inherent structural problems in the industry. The SAIF has fewer members than the BIF and faces greater risks with the failure of any one member. The SAIF also has a geographic concentration on the West coast. The eight largest SAIF-insured thrifts operate predominantly in California, and they hold 18.5 percent of SAIF-insured deposits. By contrast, the eight largest holders of BIF-insured deposits are located in five different states and hold 10 percent of BIF-insured deposits. SAIF members' assets are concentrated in residential real estate . . . to realize certain tax benefits. While traditional residential real estate lending can be managed in such a way as to present relatively little credit risk, substantial concentrations in the area make SAIF members susceptible to interest-rate fluctuations.

In an August 29, 1995, report, entitled ''The Thrift Charter: Should It Be Eliminated?'' the Congressional Research Service also noted that their specialization in housing finance makes thrifts more vulnerable than banks to an economic downturn:

> Support for a more flexible [thrift] charter stems from interest in protecting the Federal deposit insurance system. . . . Lending and deposit options for thrifts have been broadened over the past several years, nonetheless, thrifts' deposit and lending base is still less diversified than banks because of their specialization in housing finance. There is concern that this lack of diversification could cause institutional weaknesses in an unfavorable economic climate.

Thus, an important goal of charter merger legislation is to decrease the significant safety and soundness risks posed by thrifts to the Federal deposit insurance system.

In addition, fundamental changes in the marketplace have called into question the need for a specialized thrift industry. The role played by thrifts in the housing finance market has declined significantly. Testifying before the House Subcommittee on Financial Institutions and Consumer Credit on August 2, 1995, Alan Greenspan, chairman of the Federal Reserve Board, summarized this development as follows:

> So far this decade, savings and loans and savings banks have originated 25 percent of residential mortgages—as compared to 50 percent over the previous 20 years—and hold, on average, only 28 percent of outstanding residential mortgage debt, compared to two-thirds during the earlier period. Currently only 2 thrifts are among the top 15 mortgage services and none are among the top 10 originators. Over the last decade, when thrifts' participation in the residential mortgage market receded, the aggregate supply of housing finance was unimpaired and mortgage rates apparently unaffected.

The decreased dependence on a specialized thrift industry to originate and fund mortgages is primarily due to the development of mortgage-backed securities and a secondary mortgage market.

Mr. President, while the role of thrifts in housing finance is receding, thrifts do continue to provide niche financing that is important to the housing market, including adjustable rate mortgages and mortgages that do not conform to secondary market underwriting criteria. Thrifts could still specialize in this type of financing under current charter merger proposals, however. In this regard, I believe that, as a business matter, many institutions will want to focus on housing finance, despite any charter changes mandated by Congress.

To summarize, the continued safety and soundness risks posed by the thrift industry and the receding role of the thrift industry have resulted in proposals to eliminate the thrift charter. Federal banking and thrift regulators have expressed support for these proposals. At a September 21, 1995, hearing held by the House Subcommittee on Financial Institutions and Consumer Credit, Federal Reserve Chairman Greenspan noted:

> Two conclusions are clear. First, the nexus between thrifts and housing largely has been broken without any evident detriment to housing finance availability. Second, a public policy that induces—let alone requires—thirfts to specialize in mortgage finance threatens the continued viability of many of these entities—particularly those without wide and deep deposit franchises, tight cost controls, and the ability, when necessary, effectively to originate and sell standard mortgages that cannot profitably be held long-term. A broader charter for thrifts—such as a commercial bank charter that lets them hold a wider range of assets—thus would seem to be good public policy. . . .

At that same hearing, FDIC Chairman Helfer also expressed support for the elimination of the current thrift charter:

> The FDIC is not opposed to eliminating the distinctions between bank and thrift charters—far from it. The FDIC believes that the current charter distinctions no longer match economic reality. Moreover, forcibly concentrating a class of institutions—thrifts in this instance—into a limited range of activities with low profit margins is a prescription for trouble, as the savings and loan crisis of the 1980's and early 1990's amply demonstrated.

These statements from our Nation's top bank and thrift regulators cannot be ignored by Congress.

Mr. President, industry representatives have also recognized the inherent problems of the thrift charter and expressed support for eliminating or reforming their current charter. In a September 12, 1995, Wall Street Journal article, entitled ''Time to Kill the Thrifts for Good,'' a leading thrift industry executive stated:

> The thrift industry charter is inherently flawed, and the resulting vulnerability of the industry has been demonstrated repeatedly over the past 25 years. . . . These numbers are trying to tell us something—namely the thrift charter is obsolete. Today, a separate thrift industry cannot be justified either by standards of the market or public policy. . . . In formulating public policy, we should not seek to maintain an industry charter that impairs the viability of its institutions, strains the banking system and threatens the American taxpayer. We need to integrate thrifts into the banking industry.

It is difficult to imagine a stronger statement in favor of eliminating the thrift charter, and the statement is even more forceful coming from a thrift industry executive. In a September 20, 1995, letter to me, America's Community Bankers, the national trade association for thrifts, also noted that it ''is fully prepared to work . . . toward—thrift—charter reform and modernization.''

Finally, one of the strongest statements in support of eliminating the thrift charter has

come from the editorial board of a leading national newspaper. In a September 20, 1995 editorial, the Washington Post stated that ''S&Ls have lost their special purpose—all kinds of institutions now make mortgage loans—and in some respects have become a danger.'' The editorial concluded: ''S&Ls were work horses in their day. The day is gone, and so—as a separate kind of entity—should they be.''

Mr. President, the bill I am introducing today would eliminate the specialized Federal thrift charter, and would force all federally chartered thrifts to convert to banks. It also would require that all State-chartered thrifts be regulated like State-chartered banks. It would also allow some converted institutions and qualified thrift holding companies to engage in certain activities not permitted for banks. These grandfathered activities would be permitted only under strict constraints. Finally, it would create a new Federal charter, called a national mutual bank.

This bill also would rationalize the Federal regulation of banks and thrifts. It would merge the Federal banking and thrift regulators, saving taxpayer money, and reducing bureaucratic redtape. There is a broad consensus in favor of this initiative. As Under Secretary of the Treasury for Domestic Finance John Hawke stated, in an October 27, 1995, letter to House Banking Chairman LEACH, there is ''broad agreement on the logic of merging the Federal regulation of banks and thrifts.''

Mr. President, resolving the thrift industry's remaining problems will not be an easy task. This is not a project that can be completed overnight. There are numerous, complex legal and public policy issues that must be addressed in a careful, thoughtful way. Congress will need to collaborate with industry representatives, Federal thrift and bank regulators, and the administration. Decisions made today on these issues will have lasting consequences on the shape of our Nation's financial services industry well into the next millennium.

I ask unanimous consent that a brief description of the complex legal and public policy issues that must be addressed as we move forward with consideration of this bill be printed in the RECORD. Some of these issues are addressed by the House bill. Others are not.

Mr. President, every process needs a beginning. I believe this bill is an appropriate place for the Senate to start its consideration. I look forward to working with my Senate and House colleagues to address the very important issues raised by this bill. Working together, I believe we can create a safer and sounder and more rational framework for depository institutions.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ISSUES RAISED BY THE THRIFT CHARTER CONVERSION ACT

Transition Period: The House bill may not provide an adequate transition period. The bill requires federal savings associations to convert to banks or liquidate in two years. In other cases where entire classes of financial institutions have been subject to major statutory change, a longer transition period was provided. For example, when one-bank holding companies became subject to Federal Reserve Regulation by the Bank Holding Company Act Amendments of 1970, a transition period of 10 years accompanied such change to allow for proper corporate planning.

Continued Existence of State Thrifts: The House bill eliminates federal thrifts, but not state thrifts. If the reasoning of the House bill is that the thrift charter is inherently risky, it is unclear why federal deposit insurance should continue to be made available to state thrifts. Many, perhaps even most, federal thrifts may elect to become state thrifts under the House legislation, thereby frustrating whatever purpose underlies the House bill.

Grandfather Period for Savings Institutions Powers: Under the House bill, thrifts that become banks would have two years in which to terminate any activities or investments not permissible for banks. Regulators could grant two one-year extensions of that deadline, on a case-by-case basis. This two-year period may be too short and may create needless uncertainty for institutions. The case-by-case extension procedure could create needless administrative costs for institutions and their regulators.

Branching: All thrift branches established after September 13, 1995, would be subject to federal and state laws applicable to banks under the House bill. Tying grandfathering to this date could unnecessarily disrupt the operations of thrifts pending enactment of legislation. Moreover, the public policy rationale underlying the House provision prohibiting former thrifts from branching within a state in which the thrift had already established a branch should be carefully reviewed. Limiting branching by an institution in a state where it already has a presence could harm institutions heavily invested in existing branch networks.

New Rules for Thrift Holding Companies: The House bill completely changes the rules that apply to companies that own savings institutions. But there has been no evidence that the current thrift holding company framework has been a source of strength to their thrift subsidiaries. Obviously, the public policy rationale and consequences of these changes must be carefully reviewed.

Grandfather for Thrift Holding Companies: the House bill's requirements for maintaining grandfathered holding company status may be too rigid and need adjustment. Even a minor infraction of an investment limitation could trigger forfeiture of grandfather rights. These provisions must be carefully reviewed.

Regulation by Federal Reserve: The financial impact and uncertainty of regulation of grandfathered thrift holding companies by the Federal Reserve has not been thoroughly analyzed and considered.

Elimination of Commonly Used Indices: Certain indices commonly used for adjustable rate mortgages (e.g., cost of funds indices (COFI) likely will be lost under the House bill. While the bill recognizes the need to address this loss, the uncertainty surrounding their replacement could have a significant impact on the mortgage market and COFI-based mortgage related securities.

Federal Home Loan Bank Membership: The House bill would permanently prohibit federal savings associations from withdrawing voluntarily from the Federal Home Loan Bank System. It is unclear why national banks that once were thrifts should be singled out for mandatory membership.

Prohibition on New Federal Savings Association Charters: The House bill would prohibit the OTS from issuing any new federal thrift charters. A prohibition against issuing new thrift charters between the date of enactment and the date on which the federal thrift charter expires may not allow for exceptions needed to facilitate conversions and mergers (including resolution of troubled thrifts) that will not result in the creation of a new federal thrift.

Loans-to-One Borrower (''LTOB'') Rules: The House bill would grandfather for 3 years after the date of enactment any loans or legally binding commitments made by a thrift that converts to a national bank on or before January 1, 1998. Thus, thrifts with significant investments in housing loans authorized pursuant to the special real estate exception available to thrifts under the LTOB rule would be forced to liquidate existing loans made under this exception. It is unclear what purpose is served by requiring liquidation of loans that were lawful when made. It is also unclear what impact revocation of the exemption would have on a going forward basis on funding for housing.

Elimination of the OTS: The House bill provides for a complicated three-way merger of the Office of Thrift Supervision (OTS) into the other federal banking agencies. The bill omits the ''standard'' FIRREA employee protections. Treasury, OTS, and the Office of the Comptroller of the Currency have discussed agency merger transition provisions, but have yet to produce a comprehensive proposal for disposition of OTS. Adequate transfer rules for OTS employees are essential to ensure the retention of skilled and experienced personnel to supervise institutions during a period of significant economic strain on the thrift industry. They are also necessary for the smooth transition of oversight functions, and the fair treatment of existing OTS personnel.●

By Mr. HATFIELD (for himself and Mr. MACK):

S. 1416. A bill to establish limitation with respect to the disclosure and use of genetic information, and for other purposes; to the Committee on Labor and Human Resources.

THE GENETIC PRIVACY ACT OF 1995

● Mr. HATFIELD. Madam President, recent breakthroughs in science have brought great hopes in the area of genetics. The human genome project is proceeding with the goal of mapping and sequencing every gene in the human body. The potential of identifying disease characteristics through their genetic makeup brings great hope to those suffering from an array of diseases such as Huntington disease, Alzheimer's disease, cystic fibrosis, and breast cancer. Unfortunately, these advances also raise profound ethical, legal, and social questions relating to access to genetic testing, insurability, employability, and confidentiality.

While many doctors are offering genetic testing to patients with a history of a genetic-related disease to identify their own risk, many patients and physicians are not capable of dealing with the consequences of this information. For example, is the patient required to share this information with the health insurance company? How about their employer? Does the physician have an obligation to share this information?

There have already been cases of discrimination as a result of an employer learning of an employee's genetic risk. In addition, cases have arisen where health insurance access was denied as a result of a genetic predisposition.

This is problematic because we are only in the first stages of understanding the human genome. Genetic testing has proven effective in some cases but it can be argued that the presence of a gene or certain genetic characteristics will not always result in the onset of the particular illness. The potential for discrimination is great. Although several States, including my own State of Oregon, have begun to address the issue of genetic information and health insurance, there are currently no Federal laws governing the use of genetic information.

The legislation that I am introducing today with my colleague, Senator MACK, is modeled on the Genetic Privacy Act recently passed by the Oregon Legislature. It also draws on recommendations made by the NIH-sponsored ELSI Working Group and the National Action Plan on Breast Cancer.

The purpose of the Genetic Privacy Act of 1995 is to establish some initial limitations with respect to the disclosure and use of genetic information with the goal of balancing the need to protect the rights of the individual against society's interests. The bill is intended as a first step—to ensure that there are some Federal standards in place in the most critical areas of concern. I see it as a working draft to be refined as the science progresses. The bill would define the rights of individuals whose genetic information is disclosed. In addition, it would protect against discrimination by an insurer or employer based upon an individual's genetic characteristics.

First, the bill prohibits the disclosure of genetic information by anyone without the specific written authorization of the individual. This disclosure provision could apply to health care professionals, health care institutions, laboratories, researchers, employers insurance companies, and law enforcement officials. The written authorization must include a description of the information being disclosed, the name of the individual or entity to whom the disclosure is being made, and the purpose of the disclosure. This provision preserves the individual's ability to control the disclosure of his or her genetic information. There are several exceptions for the purposes of criminal or death investigations, specific orders of Federal or State courts for civil actions, paternity establishment, specific authorization by the individual, genetic information relating to a decedent for the medical diagnosis of blood relatives of the decedent, or identifying bodies.

Second, the legislation prohibits employers from seeking to obtain or use genetic information of an employee or prospective employee in order to discriminate against that person. In March 1995, the U.S. Equal Employment Opportunity Commission [EEOC] released official guidance on the definition of the term ''disability''. The EEOC's guidance clarifies that protection under the Americans With Disabilities Act extends to individuals who are discriminated against in employment decisions based solely on genetic information. Issuance of the EEOC's guidance is precedent setting—it is the first Federal protection against the unfair use of genetic information. The provision included in the bill is intended to reiterate the ruling of the EEOC and make it clear that this practice would be prohibited under Federal law.

Third, the legislation prohibits health insurers from using genetic information to reject, deny, limit, cancel, refuse to renew, increase rates, or otherwise affect health insurance. This is in line with changes that are currently under consideration with regard to health insurance and preexisting condition exclusions.

A study of genetic discrimination prepared by Paul R. Billings, M.D. and cited by the NIH–DOE ELSI Working Group in their report entitled ''Genetic Information and Health Insurance,'' indicates that there have been a number of cases of discrimination already as the result of an insurer learning of an individual's genetic predisposition. One woman who was found to carry the gene that causes cystic fibrosis was told she and her children were not insurable unless her husband was determined not to carry the cystic fibrosis gene. She went without health insurance for several months while this was determined. In another case, a man diagnosed with Huntington disease was denied health insurance on the basis that it was a preexisting condition, even though no previous diagnosis of Huntington had been made.

As the prevalence of genetic testing spreads, so does the risks of discrimination. Women found to carry the gene that indicates breast cancer susceptibility, BRCA1, fear they will lose health coverage if their insurer finds out. However, having this information may provide early treatment and prevention options for the woman. The provision relating to health insurance in the bill will provide much needed assurance to individuals with genetic predispositions. This will ensure that they will not risk losing their health coverage when they need it the most.

Finally, the bill requires the recently established National Bioethics Advisory Commission to submit to Congress their recommendations on further protections for the collection, storage, and use of DNA samples and genetic information obtained from those samples, and appropriate standards for the acquisition and retention of genetic information in all settings. This provision is intended to ensure that the social consequences of genome research are considered as the technology develops and not after the fact.

Madam President, as I said previously, this is a first step. This bill addresses the most pressing concerns surrounding genetic testing and the disclosure of genetic information as they relate to health insurer and employer discrimination. I believe this is a good beginning and I hope my colleagues will join me in supporting this important legislation.●

ADDITIONAL COSPONSORS

S. 881

At the request of Mr. PRYOR, the names of the Senator from Virginia [Mr. WARNER], the Senator from Mississippi [Mr. COCHRAN], and the Senator from Indiana [Mr. COATS] were added as cosponsors of S. 881, a bill to amend the Internal Revenue Code of 1986 to clarify provisions relating to church pension benefit plans, to modify certain provisions relating to participants in such plans, to reduce the complexity of and to bring workable consistency to the applicable rules, to promote retirement savings and benefits, and for other purposes.

S. 949

At the request of Mr. GRAHAM, the names of the Senator from Georgia [Mr. NUNN], the Senator from Arkansas [Mr. BUMPERS], and the Senator from Kentucky [Mr. MCCONNELL] were added as cosponsors of S. 949, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 200th anniversary of the death of George Washington.

S. 1028

At the request of Mrs. KASSEBAUM, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 1028, a bill to provide increased access to health care benefits, to provide increased portability of health care benefits, to provide increased security of health care benefits, to increase the purchasing power of individuals and small employers, and for other purposes.

S. 1150

At the request of Mr. SANTORUM, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 1150, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 50th anniversary of the Marshall plan and George Catlett Marshall.

ADDITIONAL STATEMENTS

THE LIKELIHOOD OF A GATT CHALLENGE TO AN EMBARGO ON IRAN

● Mr. D'AMATO. Mr. President, I rise today to discuss the likelihood of a GATT challenge to an embargo on Iran.

On December 13, 1994, the Congressional Research Service did a Memorandum for Representative Peter DeFazio entitled ''The Likelihood of a